

Cara Operations Limited

1973 Annual Report

Sub

Concorp



Wellington's



*Restaurant Complex,
Commerce Court, Toronto*





THE CORPORATE MANAGEMENT COMMITTEE

G. Otto (*seated*), A. McIsaac, T. Plewes, J. B. Matchett, D. D. Phelan, J. Argyris

Directors and Officers



Paul J. Phelan, *Chairman of the Board*
 J. Boyd Matchett, *President*
 Thompson M. Plewes, *Vice-President Finance*
 Lawrence Hynes
 Paul McLaughlin
 Charles A. Phelan
 R. E. Phelan
 Jean S. Prieur
 John G. Weir

Gunter Otto, *Vice-President Airline Services Division*
 Daniel D. Phelan, *Vice-President Urban Restaurant/Inn Division*
 John T. Argyris, *Vice-President Air Terminal Restaurant Division*
 Alan A. McIsaac, *Vice-President Retail Stores Division*
 Vincent C. Kennedy, *Director Customer Services Airline Services Division*
 Walter G. Fraser, *Secretary-Treasurer*
 S. Russell Knox, *Comptroller*
 L. H. Muir, *Director of Purchasing*

Head Office

55 York St., Toronto 1, Ontario

Transfer Agent

The Royal Trust Company, Toronto, Montreal, Winnipeg, Vancouver

Auditors

Coopers & Lybrand, Toronto, Ontario



Airline Services Division



Retail Stores Division

Cara Operations Limited and Subsidiary Companies

Financial Highlights

	1973	1972
Sales	\$56,295,513	\$48,190,972
Net Profit	1,578,557	670,111
% of Sales	2.8%	1.4%
Per Share	0.85	0.36
Working Capital ...	2,900,626	2,064,615
Working Capital Ratio	1.37	1.36
Dividends per Share	0.10	0.05
Fixed Asset Additions	3,194,094	1,139,224
Fixed Assets	11,028,556	9,526,689

Message from the Chairman of the Board



The past fiscal year has been successful for Cara. Sales have exceeded the \$50 million mark for the first time, with a new high in net profit and earnings per share.

Cara, a pioneer in service to the Canadian travelling public, is in its ninety-first year. With continuing growth in air traffic and improvement in other aspects of our business, we look forward with confidence to the future under the leadership of an experienced management team.

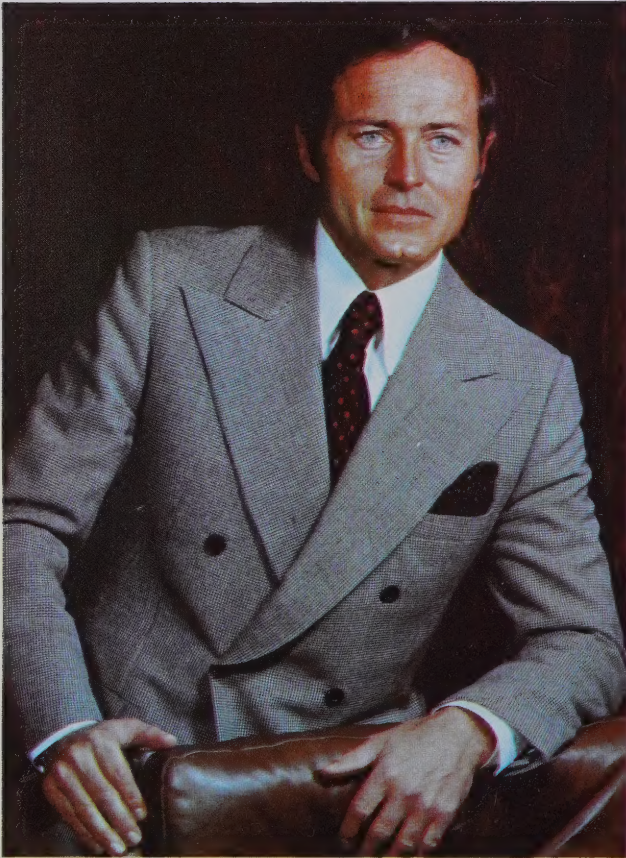
The directors are grateful for the strong support provided by the officers and employees.

Paul J. Phelan

Chairman of the Board

May 30th, 1973

Report to the Shareholders



I am pleased to report on behalf of the Board of Directors that record sales and profits were achieved during the fiscal year ended March 31st, 1973. Corporate sales were \$56,295,513, an increase of 17% over the previous year, and net profit of \$1,578,557 was more than double last year's profit of \$670,111. Both sales and profit in the last quarter were also at record levels.

As previously reported, all divisions contributed to the marked improvement in operating results which again can be attributed to the general strength of the economy and, in particular, to the overall increase in air travel.

During the year a number of new capital projects were completed, representing expenditures of approximately 3 million dollars, the most significant being the new restaurant complex in the Commerce Court in downtown Toronto.

"Wellington's", the feature gourmet restaurant in the complex, opened in mid-April and has been well received by the public.

"La Residence", the prestige restaurant opened in the Cara Inn last September, has also had excellent acceptance. Other projects completed include major

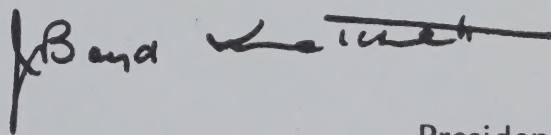
renovations to Flight Kitchen 1 at Toronto International Airport and the provisional enlargement of the Halifax flight kitchen.

A restaurant and cocktail lounge complex at Terminal 2 at Toronto International Airport was partially opened last June and came into full operation at the end of April when Air Canada moved its total operations to this terminal. Small cocktail lounges were opened in the Halifax and Edmonton air terminals. Cara Shops were opened in the Commerce Court and in the new Four Seasons Sheraton hotel in downtown Toronto.

A somewhat less ambitious capital program is planned for the current year but does include new flight kitchens at Regina and Halifax and a major extension of the existing Calgary flight kitchen. Additional cocktail lounge and fast food outlets will also be opened in the second quarter in Terminal 2 at Toronto International Airport. A new Cara shop has been opened in the first quarter at the Scarborough Town Centre and a new shop is planned to open in the Mississauga City Centre next fall. Both are large regional shopping centres in the Metropolitan Toronto area.

Our business in the first quarter to date continues at a satisfactory level and, barring major airline or public service strikes, we look forward to a further improvement in profits this year.

Once again we express our appreciation for the loyalty and support of our employees and executive staff whose untiring efforts have contributed greatly to the performance and increasing strength of our company. We gratefully acknowledge the support of our shareholders and the continuing patronage of our customers.



May 30, 1973

President

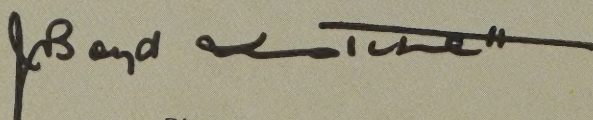
Cara Operations Limited and Subsidiary Companies

Consolidated Balance Sheet March 31, 1973

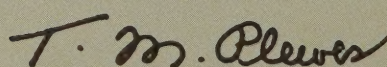
Assets

CURRENT ASSETS	1973	1972
Cash and short-term investments	\$ 5,155,219	\$ 3,526,850
Accounts receivable	3,005,471	2,394,181
Inventories at the lower of cost or net realizable value	2,455,765	1,785,862
Prepaid expenses	33,795	38,155
Land held for sale — at net realizable value	—	112,100
	<u>10,650,250</u>	<u>7,857,148</u>
 FIXED ASSETS		
Land, buildings and equipment (note 1)	7,047,968	6,789,701
Leasehold improvements — at cost, less amortization	3,980,588	2,736,988
	<u>11,028,556</u>	<u>9,526,689</u>
 OTHER ASSETS — at cost less amounts written off		
Due from affiliated companies	35,334	35,334
Deferred charges (note 2)	72,580	303,073
Excess of cost of investment over equity in business acquired . . .	328,520	328,520
	<u>436,434</u>	<u>666,927</u>
	 <u>\$22,115,240</u>	 <u>\$18,050,764</u>

Signed on behalf of the Board



Director



Director

Liabilities

CURRENT LIABILITIES	1973	1972
Bankers acceptances	\$ —	\$ 300,000
Accounts payable	3,490,170	2,402,650
Accrued salaries and wages	1,225,698	1,031,032
Accrued rents	330,288	250,283
Income taxes	729,926	141,543
Current portion of long-term debt	1,310,212	1,199,470
Other liabilities	663,330	467,555
	<u>7,749,624</u>	<u>5,792,533</u>
 LONG-TERM DEBT (note 3)	 <u>2,807,945</u>	 <u>2,277,642</u>
DEFERRED INCOME TAXES	<u>1,201,500</u>	<u>1,071,500</u>

Shareholders' Equity

CAPITAL STOCK		
Authorized —		
3,000,000 common shares without par value (note 5)		
Issued and fully paid —		
1,846,680 (10,850 issued for \$52,238 cash during the year) . . .	4,341,947	4,289,709
RETAINED EARNINGS	6,014,224	4,619,380
	<u>10,356,171</u>	<u>8,909,089</u>
	<u>\$22,115,240</u>	<u>\$18,050,764</u>

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Cara Operations Limited and subsidiary companies as at March 31, 1973 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto
May 24, 1973

COOPERS & LYBRAND
Chartered Accountants

Cara Operations Limited and Subsidiary Companies

Consolidated Statements for the year ended March 31, 1973

Earnings

	1973	1972
SALES.....	✓ \$56,295,513	✓ \$48,190,972
OPERATING AND ADMINISTRATIVE EXPENSES	<u>51,711,495</u>	<u>45,305,192</u>
PROFIT BEFORE THE FOLLOWING ITEMS	4,584,018	2,885,780
INTEREST FROM INVESTMENTS	<u>120,588</u>	<u>88,554</u>
	<u>4,704,606</u>	<u>2,974,334</u>
PROVISION FOR DEPRECIATION	1,390,852	1,281,234
INTEREST ON LONG-TERM DEBT.....	<u>255,197</u>	<u>382,989</u>
	<u>1,646,049</u>	<u>1,664,223</u>
EARNINGS BEFORE INCOME TAXES	3,058,557	1,310,111
PROVISION FOR INCOME TAXES	<u>1,480,000</u>	<u>640,000</u>
NET EARNINGS FOR THE YEAR	✓ \$ 1,578,557 ✓	✓ \$ 670,111 ✓
NET EARNINGS PER SHARE	<u>✓ .85</u>	<u>✓ .36</u>

Retained Earnings

BALANCE — BEGINNING OF YEAR	\$ 4,619,380	\$ 4,041,061
Net earnings for the year	<u>1,578,557</u>	<u>670,111</u>
	6,197,937	4,711,172
Dividends	<u>183,713</u>	<u>91,792</u>
BALANCE — END OF YEAR	<u>\$ 6,014,224</u>	<u>\$ 4,619,380</u>

Source and Use of Funds

Source

	1973	1972
Net earnings for the year	\$ 1,578,557	\$ 670,111
Items not requiring an outlay of funds		
Depreciation	1,390,852	1,281,234
Deferred income taxes	130,000	91,000
Loss on sale of fixed assets	16,966	10,730
Amortization of deferred charges	231,703	126,362
	<u>3,348,078</u>	<u>2,179,437</u>
Long-term equipment financing	53,448	400,442
Bank loans	1,800,000	—
Proceeds from sale of fixed assets	284,411	16,569
Stock options exercised	52,238	2,700
	<u>5,538,175</u>	<u>2,599,148</u>

Use

Purchase of fixed assets	3,194,094	1,139,224
Reduction of long-term debt	1,323,145	1,521,037
Dividends	183,713	91,792
Miscellaneous	1,212	19,656
	<u>4,702,164</u>	<u>2,771,709</u>
INCREASE (DECREASE) IN WORKING CAPITAL	836,011	(172,561)
WORKING CAPITAL — BEGINNING OF YEAR	<u>2,064,615</u>	<u>2,237,176</u>
WORKING CAPITAL — END OF YEAR	<u>\$ 2,900,626</u>	<u>\$ 2,064,615</u>

